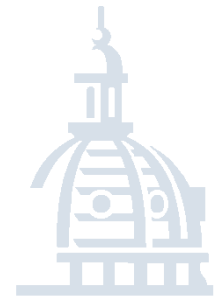


# Fiscal Note

*Fiscal Services Division*



## **HF 2375** – Educational Examiners Board Fees (LSB5592HV)

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Fiscal Note Version – REVISED

### **Description**

**House File 2375** eliminates the requirement that the Board of Educational Examiners transfer 25.0% of licensing fees to the General Fund and requires the Board to reduce all licensing fees by 25.0%.

### **Background**

**HF 2375** eliminates a provision that requires the director of the Board to deposit 25.0% of the licensing fees collected by the Board annually to the State General Fund, effective upon enactment. The bill also requires the Board to reduce all licensing fees by 25.0%, effective July 1, 2016.

### **Assumptions**

- The revenue growth rate for the Board will be 0.85% annually. The rate is based on the Board's annual revenue growth rate for the period of FY 2011 through FY 2015.
- The expenditure growth rate for the Board will be 3.84% annually. The rate is based on the Board's annual expenditure growth rate during FY 2011 through FY 2015.
- The number of licenses issued will be unaffected by the reduction in licensing fees.

### **Fiscal Impact - Current Law**

For FY 2016, Board revenues will increase by \$597,000. The elimination of the 25.0% transfer to the General Fund becomes effective immediately upon enactment of House File 2375. The Board does not transfer funds until the end of the fiscal year. Therefore, the Board will retain all fees collected during FY 2016.

Under current law and administrative rule increasing all licensure fees by \$4 (described in more detail on the following page), this bill will result in the following estimated decrease to General Fund revenues for the period of FY 2016 through FY 2020

<b>Board of Educational Examiners Projected Revenues and Expenditures - HF 2375</b> <b>\$4 Fee Increase</b> <b>25.0% Reduction in Licensure Fees</b> <b>No Transfer to the General Fund</b>							
	Projected Expenditures	Projected Revenues	Revenues less Expenditures	Beginning Cash Reserves	Ending Cash Reserves	General Fund Fiscal Impact	Agency Revenue Fiscal Impact
FY 2016	\$ 2,226,956	\$ 2,754,053	\$ 527,098	\$ 570,693	\$ 1,097,791	\$ -596,783	\$ 596,783
FY 2017	2,312,471	2,268,470	-44,001	1,097,791	1,053,790	-632,810	92,863
FY 2018	2,401,270	2,287,752	-113,518	1,053,790	940,272	-638,189	93,652
FY 2019	2,493,478	2,307,198	-186,281	940,272	753,991	-643,613	94,448
FY 2020	2,589,228	2,326,809	-262,419	753,991	491,572	-649,084	95,251

Notes: Based on FY 2015 actual revenues, expenditures, and ending cash reserves.  
Assumes \$4 increase begins July 1, 2016.

### **Fiscal Impact - Rule Nullification**

The Board of Educational Examiners presented administrative rule [ARC 2229C](#) to the Administrative Rules Review Committee (ARRC) during the December 2015 meeting. The rule provides for a \$4 increase for all licensing fees charged by the Board. During the meeting, the ARRC approved a session delay on the rule. Barring legislative action, ARC 2229C will become effective upon adjournment of the 2016 Legislative Session. If the rule is nullified, the bill will result in the following estimated decrease to General Fund revenues for the period of FY 2016 through FY 2020:

<b>Board of Educational Examiners Projected Revenues and Expenditures - HF 2375</b>							
<b>No Fee Increase</b>							
<b>25.0% Reduction in Licensure Fees</b>							
<b>No Transfer to the General Fund</b>							
	Projected Expenditures	Projected Revenues	Revenues less Expenditures	Beginning Cash Reserves	Ending Cash Reserves	General Fund Fiscal Impact	Agency Revenue Fiscal Impact
FY 2016	\$ 2,226,956	\$ 2,754,053	\$ 527,098	\$ 570,693	\$ 1,097,791	\$ -596,783	\$ 596,783
FY 2017	2,312,471	2,175,607	-136,864	1,097,791	960,927	-601,856	0
FY 2018	2,401,270	2,194,100	-207,170	960,927	753,757	-606,971	0
FY 2019	2,493,478	2,212,750	-280,729	753,757	473,028	-612,131	0
FY 2020	2,589,228	2,231,558	-357,670	473,028	115,358	-617,334	0

Note: Based on FY 2015 actual revenues, expenditures, and ending cash reserves.

### **Sources**

Board of Educational Examiners  
LSA Analysis

/s/ Holly M. Lyons

March 21, 2016

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.